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May 12, 2004

## VIA FACSIMILE AND FEDERAL EXPRESS

The Honorable Deborah Taylor Tate  
Chairman  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Re: Nashville Gas Company, a Division of Piedmont Natural Gas Company, Inc.  
Incentive Plan Account (IPA) Audit - Docket No 03-00489

Dear Chairman Tate:

On May 5, 2004, the Tennessee Regulatory Authority issued a Notice of Filing in the above-captioned docket in which it directed Nashville Gas Company to file, on or before May 17, 2004, a proposal to remedy weaknesses in the IPA practices identified as Findings #1 and #2 in the Staff's IPA Audit report.

Findings #1 and #2 of the Staff Audit report raise several issues with the manner in which Nashville Gas' Incentive Plan is managed. Nashville Gas Company has explained its position on these matters in its April 12, 2004 response to the Staff's report ("Response") but has not yet had the opportunity to discuss its Response with Staff or to determine if, upon further discussion, some consensus can be reached between Staff and the Company as to the appropriate resolution of some or all of the issues raised by Findings #1 and #2.

In order to allow time for the Company and Staff to address these issues in light of Nashville Gas' Response and to determine if some agreement can be reached on some or all of the Staff's concerns, Nashville Gas respectfully requests a thirty (30) day extension of time to file its proposals to address Findings #1 and #2 in the Staff Audit report.

I have discussed this matter with counsel for the Energy and Water Division in this proceeding, Mr. Randal Gilliam, and am authorized to represent that he has no objection to this request or to the anticipated procedures set forth herein.

The Honorable Deborah Taylor Tate, Chairman  
May 12, 2004  
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Please accept the original and 14 copies of this letter for filing and return one file-stamped copy to me in the enclosed envelope.

Sincerely,

  
James H. Jeffries IV

JHJ/srl

c: Mr. Randal Gilliam  
Mr. Richard Collier  
Mr. Dale Grimes  
Mr. David Carpenter